

September 14, 2005

James Leonard
Chairman, Committee for the Implementation of Textile Agreements
Room H3100
U.S. Department of Commerce
14th and Constitution Ave, NW
Washington, DC 20230

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), SEAMS, and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to re-impose a safeguard on U.S. imports from China of cotton knit shirts and blouses, classified within Category 338/339 of the U.S. Textile and Apparel Category System by January 1, 2006. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27787, May 21, 2003).

Petitioners strongly request that there be a seamless reapplication of the safeguard quota in order to avoid market disruption with respect to the subject products when the current safeguard limit expires on December 31, 2005. Without re-imposition of quota restraints on January 1, 2006, available evidence demonstrates that the U.S. market will clearly experience a substantial increase of the subject products from China, causing market disruption in the United States. As such, the imminent threat of substantial increases in imports of the subject products from China will impede the orderly development of trade in the subject products.

The parties submitting this request are trade associations and unions that are representative of either domestic producers of products like or directly competitive with cotton knit shirts and blouses in Category 338/339 or of domestic producers of components used in the production of products that are like or directly competitive with those contained in Category 338/339.

Description of Petitioners

For your background information, descriptions of each organization are as follows:

AMTAC is a not-for-profit manufacturing trade association established for the purpose of preserving and creating American manufacturing jobs through the establishment of trade policy and other measures necessary for the U.S. manufacturing sector to stabilize and grow. Its members are involved in a wide variety of manufacturing, including textiles, throughout the United States. AMTAC's office is in Washington, D.C.

www.amtacdc.org

NCTO is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as

well as suppliers of textile machinery, chemicals and other such sectors, which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. www.ncto.org

NTA is a not-for-profit trade association of companies who knit or weave fabrics in the United States, dye, print or otherwise finish fabrics in the United States, or supply fibers, yarns, or other services to the American textile industry. NTA's office is in Boston, MA. www.nationaltextile.org

SEAMS is a not-for-profit association that represents the all U.S.A. soft goods supply chain. It is comprised of manufacturing and contract manufacturing companies, and their suppliers in the sewn products industry. The mission of SEAMS is to work for the promotion of the sewn products industry by keeping members informed about federal issues that could affect them, and by offering members a variety of educational and other programs. SEAMS is headquartered in Columbia, SC and represents companies that manufacture the subject products in the United States. www.seams.org

UNITE HERE! was formed by a merger in 2004 of UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union). The union, UNITE HERE, represents more than 440,000 active members and more than 400,000 retirees throughout North America. UNITE HERE's headquarters are in New York, NY. www.unitehere.org

Previous Finding of CITA Regarding the Subject Products

In its previous finding concerning the subject products, CITA made the following findings:

“The United States believes that imports of Chinese origin cotton knit shirts and blouses are, due to the existence of market disruption, threatening to impede the orderly development of trade in these products. Further, the United States believes that imports of Chinese origin cotton knit shirts and blouses are, due to the threat of market disruption, threatening to impede the orderly development of trade in these products. Either finding supports a request for consultations with the Government of the People's Republic of China under Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization (“Paragraph 242”). The following facts, and others contained in this Statement, support these beliefs:

U.S. Imports from China Are Increasing Rapidly in Absolute Terms. U.S. imports of cotton knit shirts and blouses from China were 2,816,081 dozens for the entire twelve months of 2004. In the first quarter of 2005, U.S. imports from China increased to 7,137,399 dozens, an increase of 1,277 percent from the first quarter of 2004, and over two and a half times the level of total calendar year 2004 imports from China.

U.S. Imports from the World Are Increasing Rapidly in Absolute Terms. U.S. imports of cotton knit shirts and blouses from all sources, excluding cotton knit shirts and blouses containing U.S. components that were imported under outward

processing programs, increased from 58,343 thousand dozens in the first quarter of 2004 to 68,354 thousand dozens in the first quarter of 2005 - an increase of 17 percent. Approximately two-thirds of this increase was attributable to imports from China.”

The Average Unit Value of Imports from China Is Falling in 2005. In 2004, the average unit value of U.S. cotton knit shirts and blouses imports from China was US\$99.57 per dozen. In the first three months of 2005, the average unit value of those imports fell to US\$39.88 per dozen, compared to US\$44.38 per dozen for “rest of world” imports.¹

The circumstances that justified the original imposition of safeguards on imports from China of the subject products continue to exist:

- Imports from China have continued to surge and are up 998.5 percent for the most recent period, year-to-date August², even with the safeguard quota in place.
- China has risen from 24th largest supplier of the subject products to the U.S. market in 2004 to the third largest supplier so far in 2005.
- China’s share of the U.S. import market has also exploded from 0.87 percent in 2004 to 8.0 percent year-to-date August.
- Furthermore, China filled its safeguard quota within six weeks of the quota becoming open (quota opened on 5/20 and filled on 7/5).

The Threat of Increased Imports from China

There is strong and compelling evidence from many sources that imports of the subject products from China will increase should safeguard limits be removed on January 1.

1. Growth in textile and apparel production capacity in China has occurred at an astounding rate, demonstrating the country's commitment to accelerated market share in textiles and apparel worldwide;
2. China has moved quickly to dominate the market in virtually all textile and apparel categories removed from quota control;
3. China has engaged in significant price cutting in order to rapidly accumulate orders in every category, including this category, removed from quota in the U.S. market;
4. In other developed markets similar to the United States where quotas were removed, China moved quickly to dominate them; and
5. China continues to engage in a variety of unfair trade practices, including currency manipulation, which allow Chinese textile and apparel manufacturers to undercut U.S. and other competitors' prices.

¹ Summary of the Reasons and Justifications for U.S. Request for Consultations with China Pursuant to Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization, 70 F.R. 29722, May 24, 2005.

² All year-to-date August 2005 figures are preliminary.

This petition establishes that, should the United States not reapply safeguards as authorized under paragraph 11.242 of the Report of the Working Party:

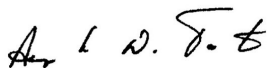
- ♦ U.S. imports from China will increase rapidly in absolute terms in 2006;
- ♦ U.S. imports from China will increase rapidly relative to other imports;
- ♦ The increase in imports will contribute to market disruption in the U.S. as the U.S. industry is vulnerable to any increase in imports;
- ♦ Imports of the subject products from China play a role in the threatened market disruption to the U.S. market;
- ♦ Imports from China are likely to increase further in the near future; and
- ♦ Average unit values of imports of the subject products from China will undercut prevailing prices and further disrupt the U.S. market.

Requested Action

The Committee for the Implementation of Textile Agreements (CITA) is hereby requested to take all appropriate steps in order to avoid market disruption in 2006 with respect to imports from China of such products. Petitioners submit that such market disruption can only be avoided by the reapplication of safeguard limitations on imports of the subject products from China according to the provisions of Section 11.242 of the Report of the Working Party, the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27787, May 21, 2003), and the previous decision of CITA reflected in its determination published at 70 F.R. 29722 (May 24, 2005).

Thank you for your consideration of this important matter.

Sincerely,



Auggie Tantillo
Executive Director
AMTAC



Karl Spilhaus
President
NTA



Cass Johnson
President
NCTO



Bruce Raynor
General President
UNITE HERE

Table 1: U.S. Production, Imports, and Domestic Market Share for Cotton Knit Shirts and Blouses (Category 338/339) 1999-2004
(Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	U.S. Imports from China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	108,471	193,920	2,708	35.87%	64.13%	.90%
2000	110,050	226,929	2,523	32.66%	67.34%	.75%
2001	96,947	234,260	2,639	29.27%	70.73%	.80%
2002	73,309	265,158	2,848	21.66%	78.34%	.84%
2003	74,965	309,038	2,602	19.52%	80.48%	.68%
2004	58,783	322,212	2,816	15.43%	84.57%	.74%

Source: U.S. Imports, Production, Markets, Import Production Ratios and Domestic Market Shares for Textile and Apparel Product Categories (OTEXA/ITA/U.S. Department of Commerce)

Table 2: U.S. Imports of Cotton Knit Shirts and Blouses (Category 338/339) 1999-2004, 1st Quarter 2004 and 2005, 2nd Quarter 2004 and 2005, YE June 2004 and 2005, YTD June 2004 and 2005, YE August 2004 and 2005(p), YTD August 2004 and 2005(p), from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of Total U.S. Imports

Time Period	U.S. Imports-Category 338/339 from: World:		China:		
	Quantity (Doz.)	% Change	Quantity (Doz.)	% Change	% Share
1999	193,919,999	--	2,707,826	--	1.40
2000	226,928,905	17.02	2,523,243	-6.82	1.11
2001	234,259,872	1.03	2,638,782	4.58	1.13
2002	265,157,730	13.19	2,848,149	7.93	1.07
2003	309,038,424	16.55	2,601,949	-8.64	.84
2004	322,212,514	4.26	2,816,082	8.23	.87
1 st Qtr/04	83,663,028	--	518,481	--	.62
1 st Qtr/05	97,197,786	16.18	7,138,760	1276.86	7.34
2 nd Qtr/04	84,111,124	--	615,251	--	.73
2 nd Qtr/05	101,132,180	20.24	12,201,851	1883.23	12.06
YE 6/04	314,174,775	--	2,481,899	--	.79
YE 6/05	352,768,328	12.28	21,022,961	747.05	5.96
YTD 6/04	167,774,152	--	1,133,732	--	.68
YTD 6/05	198,329,966	18.21	19,340,611	1605.92	9.75
YE 8/04	316,499,972	--	2,601,449	--	.82
YE 8/05(p)	353,647,518	11.74	21,314,917	719.35	6.03
YTD 8/04	222,746,911	--	1,852,649	--	.83
YTD 8/05(p)	254,181,915	14.11	20,351,484	998.51	8.01